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ILLINOIS HISTORICAL SURVEY

MESSAGE

To The

SPECIAL SESSION
57th GENERAL ASSEMBLY
ILLINOIS

By

LOUIS L. EMMERSON
GOVERNOR

NOVEMBER 5th, 1931

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MESSAGE OF GOVERNOR LOUIS L. EMMERSON TO THE FIFTY-SEVENTH GENERAL ASSEMBLY IN EXTRAORDINARY SESSION.

To the Members of the Fifty-seventh General Assembly of Illinois:

Local and State governments in Illinois are face to face with the most serious financial crisis in their history. Due primarily to delay in the collection of taxes and shrinkage in the amount of money realized from local assessments, the governments of Chicago and Cook County are unable to meet current bills, to fulfill their financial obligations, or to obtain additional credit, and failure of Cook County to pay its share of taxes has seriously handicapped the State Government. At the same time, many cities and counties throughout Illinois are feeling the effects of decreased income and inability of taxpayers to pay amounts assessed against their properties.

This condition has been growing worse steadily for the past two years and it has now reached the point where something must be done if we are to avoid bankruptcy and wholesale repudiation of bonded obligations.

The causes which have contributed to this situation are to well-known to require extended discussion here, but they may be mentioned briefly.

For many years it has been generally recognized that because of the provision of the State Constitution requiring the general property tax and the uniform rule in assessment, real estate is forced to bear a disproportionate share of the tax burden.

When I became a candidate for governor I called attention to the urgent need for reform which would secure a more equitable distribution of taxes, force hidden wealth to bear a fair share of the cost of government, and provide for an equitable assessment of personal property. In my first message to the General Assembly following my inauguration, I urged the amendment of the Constitution of the State so as to remove the restrictions which now make impossible adequate tax reform. When the regular session of the Fifty-sixth General Assembly failed to take action on this matter, I called a special session in 1930, and at this session a proposed amendment of the revenue section of the Constitution was adopted and submitted to the People for approval.

PROPOSED AMENDMENT DEFEATED.

There was immediate and vigorous opposition to the adoption of the amendment on the part of many interests which had offered no plan themselves but did all they could to defeat the proposal. As a result

of this opposition and of the usual difficulty of obtaining the constitutional majority of the votes cast at the election, the amendment failed of approval at the polls in November, 1930. I am convinced that if it had been adopted, revenue reform would have been undertaken at the regular session of the General Assembly and that we would now be well on our way toward the reestablishment of credit and sound methods of taxation.

Because of the constitutional prohibition which limits the proposal of amendments to the same article to once in four years, there can be no amendment of the revenue article until 1934 and efforts for tax reform must be limited to statutory changes within the provisions of the Constitution.

The order of the State Tax Commission for the reassessment of all real property in Cook County, issued prior to the beginning of this administration, resulted in delay in the collection of taxes. Property owners paid no taxes for two years and most of them set aside no reserves to meet the bills when they were finally presented. In the meantime, an industrial depression reduced the income of property owners to such an extent that many of them found themselves unable to pay and others, taking advantage of the situation, refused to pay. An effort was made in the special session of the Fifty-sixth General Assembly to provide for the emergency by the issuance of bonds, but this plan proved inadequate, due partially to a much greater shrinkage in tax collection than was anticipated.

DEFAULT IN TAX PAYMENTS.

I am informed that approximately 20 per cent of all the taxes levied in Cook County for the years 1927, 1928 and 1929, are uncollected. This amounts to a total of more than $141,000,000. Local governments have been spending on the assumption that these taxes would be paid and as a consequence large deficits have been accumulated. An analysis of the figures shows that while personal and railroad property have continued to pay their tax bills about as usual, real estate has failed to pay in increasing amounts, growing from $2,000,000 in 1927 to $16,000,000 in 1928 and $64,000,000 in 1929. It is quite evident that there will be a very large deficit in taxes for 1930, which are yet uncollected.

Banks are unwilling to purchase any more tax warrants because of their present large accumulations of this paper and because, also, they have no assurance as to the eventual collection of taxes sufficient to redeem these warrants.

Although I directed your attention to this situation at the regular session, Cook County governmental and property interests presented no agreed plan at that session and the General Assembly adjourned without taking any action for the purpose of providing emergency relief.

CREATION OF REVENUE COMMITTEE.

Immediately following the adjournment of the General Assembly, therefore, I took the initiative in an effort to secure careful consideration of the problem by representative citizens of Chicago and of the State in the hope that some program could be worked out which could be enacted at a special session. Organized interests, such as the municipal governments of Cook County, industrial, business, real estate, labor, banks, public utilities, newspapers, and railroad organizations and taxpayers' groups were consulted and leaders from these groups were selected as a committee on emergency tax relief. A meeting of this committee was held on July 1, 1931, and at that meeting those present selected from among their number an executive committee and empowered it to proceed with a survey of existing conditions and the drafting of a legislative program.

The executive committee held its first meeting the following day and from that time on most diligently applied itself to the task at hand. It completed its work and submitted a plan on October 30th to the general committee, which, the following day, unanimously accepted the program, although some of the interests represented filed statements of disagreement relative to certain recommendations. Immediately upon receipt of word that the committee had a plan ready for presentation I issued the call for this Special Session, in order that no time might be wasted in securing action by the General Assembly. This plan and the statements of members of the committee who disagreed with parts of it will be before your honorable body in due course.

Before adjournment the general committee unanimously called attention to the necessity for amendment of the revenue section of the State Constitution as the first step towards adequate tax reform. It empowered its Chairman to appoint a committee to consider this matter and make recommendations for an amendment to be submitted to the Legislature as soon as possible under constitutional limitations.

DOOR OPEN TO ALL.

The members of the executive committee unselfishly gave of their time and money to make this investigation and formulate this report. They deserve the highest commendation and the plan they have submitted should have your most careful consideration for it represents the united study and opinion of men of divergent views, arrived at after a period of four months of intensive work. Purposely, however, the call for the extraordinary session has been made broad enough to permit the introduction not only of the bills proposed by the committee but also any other revenue measures. While the committee has taken the initiative in the absence of any other effort along this line, the door is open to anyone who believes he has a better plan.

In your deliberations you should be guided by the general principle that there must be no increase in the burden of taxation, but that there should be a better distribution of that burden. It is my firm belief that governments must curtail their expenditures and that receipts from new methods of taxation be used to reduce property taxes.

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While the time is perhaps too short at this session for a thorough study of governmental consolidations and supervision so as to eliminate the waste of the existing loose organization of governmental functions, something can be done toward curbing useless expenditures. Industry and business have found it necessary to retrench, and so must government.

HOME RULE FOR CHICAGO.

The financial condition of Cook County has served to emphasize the fact that the problems of that county, where half of the people of the State reside, and of the city of Chicago differ widely from the problems of the remainder of Illinois. I have frequently urged the granting of the widest possible authority to Chicago and Cook County for the management of their own affairs under a special charter. For this reason, the subject of home rule was included in the call for this extraordinary session and I urge that you give it your earnest consideration.

AGRICULTURE.

Defects have been found in certain acts affecting the marketing of agricultural products and credit requirements of farmers and amendments to these acts will be presented for your consideration. Also, the general subject of agricultural relief has been included in the call in the hope that some suggestions can be offered which will prove helpful.

OTHER SUBJECTS IN THE CALL.

Taking advantage of the opportunity afforded by this extraordinary session, I have included in the call several matters which deserve your consideration. Most of these are not of controversial nature.

Township Tax for Pauper Relief. At the regular session of the General Assembly a law effective July 1, 1931 was enacted, transferring the duty of providing pauper relief in counties under 500,000 population under township organization from the county to the township. The township tax levy had already been made in April for the year 1931 and as a consequence provision could not be made in 1931 for township taxes for the additional levy for pauper relief. It is necessary that provision be made for a supplemental township levy for this purpose.

Protection of Hen Pheasants. The State at great expense stocked the rural sections of Illinois with pheasants. The prohibition against killing hen pheasants and certain other game birds expired September 16, 1931, and due to an oversight, this closed season was not extended at the regular session. It is important that the law be amended so as to provide the same protection these birds have had in previous years.

Compensation of State Contractors. Owing to the fact that the Supreme Court of the State has held invalid an act of the Fifty-seventh General Assembly entitled, "An Act regulating wages and hours of work of mechanics and laborers employed under contracts for public

works," certain contracts entered into by the State under the provisions of this act are void. Some action should be taken for the compensation of contractors for construction work done under these invalid contracts.

Unemployment. Although the effective work being done by relief agencies and the prospects for improvement in industrial conditions promise to provide amply for the unemployment situation, an opportunity is afforded by the call for the consideration of legislation to authorize and provide for public work by municipal corporations and political subdivisions as a means of furnishing employment during the approaching winter season and to enable local relief agencies to obtain funds to provide for emergency relief.

Crane Junior College. The authority of the Board of Education of the city of Chicago to maintain the Crane Junior College has been questioned and it is desirable that regular authority to continue this institution be vested in the board so as to remove any doubt.

Interest on Muncipal Deposits. The law covering municipalities under the commission form of government requires a rate of interest for deposits of moneys of cities and villages which cannot be obtained under present conditions, making it necessary for municipal authorities to evade the law in order to place their money in safe depositories. This should have your attention.

SHORT SESSION DESIRABLE.

In conclusion, permit me to urge that you proceed diligently to consider all the matters before you and conclude the extraordinary session at the earliest possible date. School teachers, police, and other employees of Chicago, of Cook County, and their subdivisions cannot be paid the salaries due them until relief measures are enacted at this session. It is unjust to these employees and a menace to the welfare and safety of the people to permit this condition to continue. It is highly important that the relief be provided without any unnecessary delay.

LOUIS L. EMMERSON, *Governor.*

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